

AMENDED IN ASSEMBLY APRIL 13, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 975

Introduced by Assembly Member Fong

February 26, 2009

An act to ~~amend Section 389 of~~ *add Section 781.5 to, and to repeal and add Section 781 of*, the Public Utilities Code, relating to ~~the Secretary of the California Environmental Protection Agency: water corporations.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 975, as amended, Fong. ~~Secretary of the California Environmental Protection Agency: report. Water corporations: water meters.~~

The existing Water Measurement Law requires every water purveyor, as defined, who sells, leases, rents, furnishes, or delivers water service, as defined, for potable water, to any person, as defined, to require, as a condition of new water service, that a suitable water meter to measure the water service be installed, requires that the cost of installation of the meter be paid by the user of water, and authorizes the water purveyor to impose and collect charges for those costs. These requirements are not applicable to a community water system that serves fewer than 15 service connections used by yearlong residents or regularly serves fewer than 25 yearlong residents, or a single well that services the water supply of a single-family residential home. The Water Measurement Law contains additional requirements relative to the installation of water meters and charges for water relative to urban water suppliers, as defined. The Water Measurement Law authorizes a water purveyor, including an urban water supplier, to recover the

cost of providing services related to the purchase, installation, and operation and maintenance of water meters from rates, fees, or charges.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including water corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The existing Public Utilities Act prohibits the commission from requiring certain water corporations, or a residential customer of those corporations, to install a water meter, except after a public hearing held within the service area of the water corporation at which hearing all of the following findings are made: (1) metering will be cost effective within the service area of the water corporation, (2) metering will result in a significant reduction in water consumption within the corporation's service area, and (3) the costs of metering will not impose an unreasonable financial burden on customers within the corporation's service territory, unless the commission finds metering is necessary to assure continuation of an adequate water supply within the service territory.

This bill would repeal the existing limitation in the Public Utilities Act that limits the authority of the commission to require a water corporation to install water meters. The bill would require a water corporation with 500 or more service connections that is not subject to specified requirements of the Water Measurement Law to install a water meter on each new service connection and, by not later than January 1, 2020, to install, on and after January 1, 2010, a water meter upon each unmetered service connection. The bill would require a water corporation with less than 500 service connections as of January 1, 2010, that thereafter reaches 500 or more service connections and that is not subject to specified requirements of the Water Measurement Law, to install a water meter upon each unmetered service connection within 10 years after it reaches 500 or more service connections. The bill would require each water corporation that has installed water meters, or caused water meters to be installed, that is not subject to specified requirements of the Water Measurement Law, on and after January 1, 2015, to charge customers for potable water based on the actual volume of deliveries, as measured by the water meter, but authorizes the water corporation to delay imposition of volume-based water service charges for one annual billing cycle in order to provide customers with experience with those charges. The bill would authorize a water corporation to recover the cost of providing services related to the

purchase, installation, operation, and maintenance of water meters in rates, fees, or charges, subject to existing law relative to approval of rates by the commission, and would require the commission to ensure that a water corporation complies with these requirements or the requirements of the Water Measurement Law.

This bill would authorize the commission to require a water corporation that furnishes potable water for residential use through less than 500 service connections that is not subject to specified requirements of Water Measurement Law, or a residential customer of such corporation, to install a water meter at any water service connection between the water system of the corporation and the customer if the service connection was unmetered on January 1, 1979, if after a public hearing held within the service area of the water corporation, and upon the commission finding, based upon the evidence presented at that hearing, that (1) metering will be cost effective within the service area of the corporation, (2) metering will result in a reduction in water consumption within the service area of the water corporation, or (3) the costs of metering will not impose an unreasonable financial burden on customers within the service area of the corporation unless it is found to be necessary to ensure continuation of an adequate water supply within the service area of the corporation.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Existing law requires the Secretary of the California Environmental Protection Agency to prepare and submit to the Legislature an annual report on the existence, status, and progress of any public policy measures for cost-shifting, as specified, each year from 1999 to 2001, inclusive.~~

~~This bill would delete those provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 781 of the Public Utilities Code is*
2 *repealed.*
3 ~~781. The commission shall not require any water corporation~~
4 ~~which furnishes water for residential use through five or more~~
5 ~~service connections or which serves an average of 25 or more~~
6 ~~persons per day for at least 60 days per year, nor any residential~~
7 ~~customer of such corporation to install any watermeter at any water~~
8 ~~service connection between the water system of the corporation~~
9 ~~and the customer if on January 1, 1979, such service connection~~
10 ~~was unmetered except after a public hearing held within the service~~
11 ~~area of the corporation at which hearing all of the following~~
12 ~~findings have been made:~~
13 ~~(a) Metering will be cost effective within the service area of the~~
14 ~~corporation.~~
15 ~~(b) Metering will result in a significant reduction in water~~
16 ~~consumption within the service area of the corporation.~~
17 ~~(c) The costs of metering will not impose an unreasonable~~
18 ~~financial burden on customers within the service area of the~~
19 ~~corporation unless it is found to be necessary to assure continuation~~
20 ~~of an adequate water supply within the service area of the~~
21 ~~corporation.~~
22 *SEC. 2. Section 781 is added to the Public Utilities Code, to*
23 *read:*
24 ~~781. (a) (1) Each water corporation with 500 or more service~~
25 ~~connections that is not subject to the requirements of Section 525,~~
26 ~~526, 527, or 528 of the Water Code shall install, on and after~~
27 ~~January 1, 2010, a water meter on each new service connection.~~
28 ~~(2) Each water corporation with 500 or more service~~
29 ~~connections as of January 1, 2010, that is not subject to the~~
30 ~~requirements of Section 525, 526, 527, or 528 of the Water Code,~~
31 ~~shall install a water meter upon each unmetered service connection~~
32 ~~by not later than January 1, 2020.~~
33 ~~(3) Each water corporation with less than 500 service~~
34 ~~connections as of January 1, 2010, that thereafter reaches 500 or~~
35 ~~more service connections and that is not subject to the requirements~~

1 of Section 525, 526, 527, or 528 of the Water Code, shall, within
2 10 years of attaining that threshold, install a water meter upon
3 each unmetered service connection.

4 (4) Each water corporation that is subject to the requirements
5 of Section 525, 526, 527, or 528 of the Water Code shall install
6 water meters pursuant to those sections.

7 (b) (1) Each water corporation that has installed water meters,
8 or caused water meters to be installed, that is not subject to Section
9 525, 526, 527, or 528 of the Water Code, shall, on and after
10 January 1, 2015, charge customers for potable water based on the
11 actual volume of deliveries, as measured by the water meter.

12 (2) Each water corporation that is subject to Section 525, 526,
13 527, or 528 of the Water Code shall charge customers for potable
14 water based on the actual volume of deliveries, as measured by
15 the water meter, consistent with the requirements of those sections.

16 (3) Notwithstanding paragraph (1), in order to provide
17 customers with experience in volume-based water service charges,
18 a water corporation that is subject to paragraph (1) may delay,
19 for one annual seasonal cycle of water use, the use of meter-based
20 charges for service connections that are being converted from
21 nonvolume-based billing to volume-based billing.

22 (c) A water corporation may recover the cost of providing
23 services related to the purchase, installation, operation, and
24 maintenance of water meters in rates, fees, or charges. Rates, fees,
25 or charges recovered by the water corporation pursuant to this
26 section are subject to approval by the commission pursuant to
27 Article 1 (commencing with Section 451) of Chapter 3 and Article
28 2 (commencing with Section 727) of this chapter.

29 (d) The commission shall ensure that each water corporation
30 that is subject to the requirements of this section or the
31 requirements of the Water Measurement Law (Chapter 8
32 (commencing with Section 500) of Division 1 of the Water Code)
33 comply with those requirements.

34 SEC. 3. Section 781.5 is added to the Public Utilities Code, to
35 read:

36 781.5. The commission may require a water corporation that
37 furnishes potable water for residential use through less than 500
38 service connections that is not subject to the requirements of
39 Section 525, 526, 527, or 528 of the Water Code, or a residential
40 customer of the corporation, to install a water meter at any water

1 *service connection between the water system of the corporation*
2 *and the customer if the service connection was unmetered on*
3 *January 1, 1979, if after a public hearing held within the service*
4 *area of the corporation, the commission finds, based upon the*
5 *evidence presented at that hearing, that any of the following are*
6 *true:*

7 *(a) Metering will be cost effective within the service area of the*
8 *corporation.*

9 *(b) Metering will result in a reduction in water consumption*
10 *within the service area of the corporation.*

11 *(c) The costs of metering will not impose an unreasonable*
12 *financial burden on customers within the service area of the*
13 *corporation unless it is found to be necessary to ensure*
14 *continuation of an adequate water supply within the service area*
15 *of the corporation.*

16 *SEC. 4. No reimbursement is required by this act pursuant to*
17 *Section 6 of Article XIII B of the California Constitution because*
18 *the only costs that may be incurred by a local agency or school*
19 *district will be incurred because this act creates a new crime or*
20 *infraction, eliminates a crime or infraction, or changes the penalty*
21 *for a crime or infraction, within the meaning of Section 17556 of*
22 *the Government Code, or changes the definition of a crime within*
23 *the meaning of Section 6 of Article XIII B of the California*
24 *Constitution.*

25 ~~SECTION 1. Section 389 of the Public Utilities Code is~~
26 ~~amended to read:~~

27 ~~389. The Secretary of the California Environmental Protection~~
28 ~~Agency, in consultation with interested stakeholders including~~
29 ~~relevant state and federal agencies, boards, and commissions, shall~~
30 ~~evaluate and recommend to the Legislature public policy strategies~~
31 ~~that address the feasibility of shifting costs from electric utility~~
32 ~~ratepayers, in whole or in part, to other classes of beneficiaries.~~
33 ~~This evaluation also shall address the quantification of benefits~~
34 ~~attributable to the solid-fuel biomass industry and implementation~~
35 ~~requirements, including statutory amendments and transition period~~
36 ~~issues that may be relevant, to bring about equitable and effective~~
37 ~~allocation of solid-fuel biomass electricity costs that ensure the~~
38 ~~retention of the economic and environmental benefits of the~~
39 ~~biomass industry while promoting measurable reduction in real~~
40 ~~costs to ratepayers. This evaluation shall be in coordination with~~

1 the California Energy Resources Conservation and Development
2 Commission's efforts pursuant to subdivision (b) of Section 383,
3 addressing renewable policy implementation issues. The Secretary
4 of the California Environmental Protection Agency shall submit
5 a final report to the Legislature, using existing agency resources,
6 prior to March 31, 1997.

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